

Message Text

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ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 COME-00 L-03 CIAE-00 DODE-00

DOT-00 FMC-04 INR-11 NSAE-00 RSC-01 CG-00 COA-02

DLOS-07 SWF-02 SIL-01 LAB-06 DRC-01 /064 W

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R 101115Z SEP 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 1585

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E.O. 11652: N/A

TAGS: EWWT, CE

SUBJECT: WATERMAN LASH OPERATION: COLOMBO

REF: STATE 196028

1. WE SOMEWHAT SURPRISED AT REFTEL SINCE S.S. ROBERT E. LEE'S CAPT FREEMAN AND ON-BOARD WATERMAN VICE PRESIDENT BAKER BOTH COMMENTED TO VISITING EMBOFFS ON EXCELLENT COOPERATION RECEIVED FROM COLOMBO PORT OFFICIALS DURING SEPT 3 OFFLOADING. ON SEPTEMBER 10 WE CHECKED WITH AIKTEN SPENCE OFFICIAL IN CHARGE FOR WATERMAN OPERATIONS (MICHAEL MACK) AND WITH CEYLON CENTRAL FREIGHT BUREAU (CCFB) MANAGER. IT SEEMS THERE IS POTENTIAL NEGOTIATING PROBLEM BETWEEN WATERMAN AND CCFB BUT SUCCESSFUL EXECUTION PRESENT INAUGURAL TURNAROUND IS NOT THREATENED. AGENT AND CCFB EXPECT LEE TO ARRIVE 0600 (COLOMBO TIME) SEPTEMBER 11 LOAD SEVEN LIGHTERS WITH ABOUT 900 TONS CARGO, AND DEPART SAME DAY. CONTACTS SO FAR HAVE BEEN TO GET D INFORMATION ONLY, NO REPRESENTATION HAS BEEN MADE TO CCFB OR OTHER GSL AGENCY. EMEMBOFF PLANS TO VISIT SHIP AND OBSERVE LOADING TO INDICATE OUT INTEREST.

2. PROBLEM ORIGINATES FROM INITIAL REQUEST IN EARLY 1974 BY AITKEN SPENCE ON BEHALF WATERMAN FOR CCFB (I.E. GSL
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SHIPPING MINISTRY) BEGIN LASH SERVICE. ALTHOUGH CCFB INDICATED

APPROVAL NO

PROBLEM, THEY LATER SAID SPECIAL XXFB/WATERMAN AGREEMENT WOULD BE NECESSARY BECAUSE OF SPECIAL NATURE OF LASH SERVICES. PRECEDENT EXISTS IN FORM EXISTING SPECIAL CCFB/AMERICAN PRESIDENT LINES (APL) AGREEMENT CONCERNING THEIR CONTAINER SERVICE BEGUN LAST YEAR. IN ABOUT MAY OR JUNE, CCFB GAVE AITKEN SPENCE IDENTICAL TEXT TO APL AGREEMENT AND LATER REVISED VERSION BOTH OF WHICH WERE PROMPTLY FORWARDED FOR CONSIDERATION. ACCORDING TO AITKEN SPENCE, WATERMAN HAD INDICATED NO DIFFICULTY WITH SIGNING AGREEMENT, ESPECIALLY IN VIEW OF APL PRECEDENT, BUT HAD PUT DRAFT BEFORE FEDERAL MARITIME COMMISSION, PRESUMABLY FOR VETTING FOR CONFORMITY WITH AMERICAN LAW. SINCE AITKEN SPENCE HAD NO FURTHER WORD FROM WATERMAN, THEY CABLED WATERMAN SEPTEMBER 4 SAYING CCFB WOULD PROBABLY NOT PERMIT FURTHER WATERMAN LASH CALLS UNTIL SPECIAL AGREEMENT ISSUE RESOLVED. EMBOFF HAS REVIEWED DRAFT AGREEMENT; MAIN POINTS ARE THAT CARRIER AGREES TO ACCEPT CCFB ASSIGNMENTS OF CARGO (RATIONALIZATION) AND TO PROVIDE VERY LONG DELAYS BETWEEN AND PRIOR NOTICE BEFORE RATE INCREASES.

3. CONCLUSION IS THAT IF LASH SERVICE IS TO PROCEED (NEXT TURNAROUND IS SCHEDULED FOR SECOND HALF OCTOBER). WATERMAN SHOULD QUICKLY RESPOND TO CCFB SUGGESTED SPECIAL AGREEMENT, EITHER WITH COUNTER PROPOSAL OR WILLINGNESS TO SIGN AS IS. ALTHOUGH THERE MAY BE SUBSTANTIVE OR LEGAL CONFLICT WE UNAWARE OF, BELIEVE PROBLEM RESULTS FROM POSSIBLE MISUNDERSTANDING AND SLOW COMMUNICATIONS. DO NOT BELIEVE ANY FORMAL USG INTERVENTION NOW NECESSARY OR ADVISABLE. WE WILL CONFIRM LEE'S LOADING DEPARTURE TOMMORROW AND AWAIT ADVICE.
VAN HOLLEN

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